

## **MEMO**

**TO:** Municipal Officials

**FROM:** Stephen A. McLaughlin, Engineering Manager, Division of Engineering,  
Compliance & Technical Assistance, Bureau of Land & Water Quality

**SUBJECT:** Intended Use Plan for the Federal Fiscal Year 2004 Clean Water State Revolving  
Loan Fund and the Wastewater Facilities Construction Program

**DATE:** August 12, 2004

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We have enclosed a copy of the Fiscal Year 2004 Intended Use Plan for the State Revolving Loan Fund (SRF) and a copy of the Wastewater Facilities Construction Program for your information.

The SRF is jointly administered by the Maine Municipal Bond Bank and the Maine Department of Environmental Protection. Loans can be made to communities to upgrade or construct new wastewater treatment facilities and pump stations, rehabilitate or replace sewer systems with excessive infiltration and inflow, replace sewer systems with structural and capacity problems, abate Combined Sewer Overflow (CSO) problems and construct sand/salt sheds to prevent further salt contamination of ground and surface water. Loans are made by the Maine Municipal Bond Bank for a term of up to 20 years and with a 2% subsidy on the interest rate.

If your community is in need of funds to upgrade or construct new facilities for the type of projects listed above, we can provide loans to help you. You do not need to be listed on the Intended Use Plan to receive a loan.

The Wastewater Facilities Construction Program information includes the Multi-Year Priority List, the Additional Needs List and the Sand/Salt Shed Needs List.

If you have any questions or comments, please contact me at (207) 287-7768.

**MAINE  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
CLEAN WATER SRF  
FFY 2004  
INTENDED USE PLAN**

**A. Introduction**

The federal fiscal year 2004 (FFY2004) grant is the 15th that Maine has made application for to capitalize the state's revolving loan fund (SRF). This Intended Use Plan (IUP) identifies the projects that will receive loans from FFY 2004 dollars. Maine's Municipal Priority Point System is used to rank SRF projects, but does not dictate the order of funding. The projects in this IUP are listed in Maine's Multi-Year SRF Project List.

All projects which receive loan assistance with funds directly made available by capitalization grants must comply with environmental review requirements. The State of Maine Revolving Loan Fund Rules, Chapter 595 administered by the Department and Maine Municipal Bond Bank contain these requirements. Section C.5. Required Environmental Review and Determinations contains the environmental review procedures.

**B. Required Environmental Review and Determinations**

As required by the provisions of Section 602 (b)(6) of the Act, the Department will conduct an interdisciplinary environmental review of the Project proposed for funding through the SRF. This review will insure that the Project will comply with the applicable local, state and federal laws and Department rules relating to the protection and enhancement of the environment. Based upon the staff review, the Department will make formal determinations regarding the potential social and environmental impacts of the proposed Project. If necessary, the determinations of the Department will include mitigative provisions as a condition of the provision of Financial Assistance for construction. No Financial Assistance will be provided until a final environmental determination has been made by the Department.

There are three basic environmental determinations that will apply to Projects proposed to be implemented with assistance from the fund. These are: (1) a determination to categorically exclude a Project from a formal environmental review, (2) a finding of no significant impact (FNSI) based upon a formal environmental review supported by an environmental information document (EID) and, (3) a determination to provide or not to provide Financial Assistance based upon a record of decision (ROD) following the preparation of an environmental impact statement (EIS).

**C. Long Term Goals**

The Water Quality Act of 1987 created a new authority that allows EPA to make grants which capitalize State Water Pollution Control Revolving Funds (SRF's). Maine made the decision to take advantage of the federal dollars being offered and establish an SRF. The Maine Municipal Bond Bank is the lending institution.

The primary purpose of the fund is to, "acquire, design, plan, construct, enlarge, repair or improve a publicly-owned sewage system, sewage treatment plant or to implement a related management program". The long term goal of the SRF is to maintain and improve Maine's inventory of municipal sewage facilities in perpetuity. This will insure preservation of the water quality gains that were realized by initial construction of them.

In an attempt to try and meet the long term needs of treatment facilities in Maine, the Bond Bank, in addition to lending federal capitalization grant and state matching dollars, can lend three bond dollars for every one federal and state dollar available. This is accomplished by making parallel loans of capitalization grant at 0% and bond loan dollars at market rates to maximize total loan needs for water quality. The state match has been funded by appropriations of State of Maine General Obligation bonds as approved by voters.

It is the goal of the Maine SRF program to preserve the principal amounts of capitalization grant dollars in perpetuity while fulfilling its lending obligations to treatment facilities within Maine in the easiest and most cost effective manner possible. Maine continues to strive for funding mechanisms that will expedite loan repayments of current capitalization grant dollars to increase turnaround and create more funding for future loans in years following the award of all capitalization grants. In order to maintain, in perpetuity, the environmental review and technical administration of the SRF program, beginning in FFY 03, the DEP has charged an administration fee, similar to the fee currently charged by the Bond Bank for its financial administration. This will be held outside the SRF fund. Loan interest rates will be adjusted downward to compensate for the fee. Therefore, loanees will not see any added financial burden from the fee.

In 1996 the 117th Maine Legislature expanded the eligible use of the Maine SRF to include the remediation of municipal landfills that effect groundwater. Only municipal landfill projects that have been designated as a federal Super Fund Site or a state Uncontrolled Hazardous Waste Site are eligible to receive SRF loans.

A Memo of Understanding (MOU) was signed by the MMBB, DEP, the State Department of Agriculture, and the Finance Authority of Maine (FAME) to allow FAME to administer a loan program to farmers to construct manure storage facilities and other devices to reduce Non-Point Source Pollution from farm operations.

Beginning in 2004 the DEP will provide SRF funds to municipalities to design and construct sand/salt sheds in areas that the DEP has determined that ground water or surface water has been contaminated by sand/salt piles.

In cooperation with the State Planning Office, the SRF Program may administer loan funds to municipalities for projects that curb Urban Sprawl.

**D. Short Term Goals**

Projects in this IUP are for renovations and improvements to publicly owned treatment works and appurtenant facilities. The projects will maintain or restore compliance in many facilities and improve water quality conditions in the receiving water for others. The projects are listed on the Multi-Year SRF Project List. Appendix I shows the amount of funds available to be loaned to applicants during FFY 2004 and shows the projects proposed to be funded. Appendix II gives a brief description of the projects and binding commitment dates. Appendix III shows the projected SRF disbursements for the funds available for the projects in the FFY 2004 IUP.

**E. Distribution of Funds**

Maine's FFY 2004 Capitalization grant will provide some administrative dollars and loan money for projects identified in this IUP. Projects on the Intended Use Plan may be replaced with other projects listed on the Wastewater Facilities Construction Program Priority List, or may be added to the Intended Use Plan.

**INTENDED USE PLAN  
Title VI State Revolving Fund  
FEDERAL FISCAL YEAR 2004**

Total Uncommitted Federal Funds Available	\$0
Total Uncommitted State Match Funds Available	\$0
Repayment Funds Available (as of 6/22/04)*	<u>\$39,416,231</u>
<b>Total Uncommitted Funds Available</b>	<b>\$39,416,231</b>
 Anticipated FFY 2004 Federal Funds	 \$10,258,974
Less SRF Administrative Expense (4%)	(\$410,359)
FFY 2004 State Match Proceeds	<u>\$2,051,795</u>
<b>Total FFY 2004 Funds Available</b>	<b>\$11,900,410</b>
 <b>Funds from MMBB to be blended with available funds</b>	 <b>\$0</b>
 <b>TOTAL ALL AVAILABLE LOAN FUNDS</b>	 <b>\$51,316,641</b>